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### **UK Will Upgrade Barbados' Tax Transparency Status to Category 2**

In the first of what Barbados' government and business officials hope will be two significant positive developments, the Caribbean country learned that Great Britain will significantly upgrade its rating on how it deals with offshore non-compliance. The upgrade will advance Barbados to Category 2.

Although Barbados has long been considered a model financial regulator in the region, its enactment of the 2011 Income Tax (Exchange of Information) Regulations likely persuaded British financial authorities to react so quickly. The regulations reinforced rules to ensure transparency and a unilateral exchange of tax information according to international standards, as established by the Organization of Economic Cooperation and Development (OCED) in 2008.

"The swift and decisive response by the British Government is most welcome," said Barbados' Prime Minister Freundel Stuart, ". . . and underscores the long history of tax cooperation our countries have enjoyed since 1970, when the Barbados-UK tax treaty came into force."

"For a considerable period of time, Barbados had rightfully enjoyed its position as the only Caribbean nation on the white list of countries with favorable tax legislation," said Ricardo O. Knight, president of The Towner Management Group (TMG), Barbados' largest captive insurance company manager. "We believe that with this category upgrade, Barbados rightfully reassumes its position as a trusted and transparent financial regulator."

In addition to a respected regulatory regime that is mature, efficient and transparent, Barbados has double taxation treaties with approximately two dozen countries, with still others in various stages of discussion or enactment by various governments.

The second upgrade Barbados' officials anticipate witnessing could come from a revised OECD Global Forum Phase I report on Barbados, based on the organization's 2011 tax and transparency regulations. Great Britain has already signaled its strong support for a supplementary report.

We at TMG will keep our clients and friends informed of any new developments in relation to further developments.

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